they own a home or a business, and so forth. It has a way of spot-checking eligibility through its system of audits.

If eligibility for the subsidy is fairly broad and is based on information that already appears on tax returns, there can be advantages in providing it through the tax system. The extra personal exemption for the elderly, for example, is easy for the IRS to administer, since eligibility is open to all those over 65 who have enough income to owe some taxes. (If the subsidy was extended to those without tax liability, however, it would probably be easier to provide it through the Social Security system, since the IRS does not have records on most nontaxpayers over 65.)

To take another example, the tax credit for home insulation, however, presents significant administrative problems for the IRS. The eligibility rules are fairly complicated, since only certain kinds of energy conservation expenses are eligible, the home must be the taxpayer's principal residence, it must have been built before April 1977, and so on. The information needed to determine eligibility is not normally available on tax returns. The IRS has no easy way of checking on whether energy-saving items were actually installed, whether they were of the eligible type, whether they cost as much as the taxpayer claimed, and so forth. In theory some of this could be determined on audit, but only 2 percent of returns are audited, and even then auditors are unlikely to climb around in people's attics to see whether the eligible insulation actually has been installed.

Thus, if the Congress wants to keep fairly close check on eligibility for a subsidy program, providing the subsidy through the tax system may not be the best approach. This is especially true if eligibility rests on information not readily available to the IRS, or on judgments it is not skilled in making. Requiring subsidy recipients to submit detailed application forms in advance, with full review by multilayered bureaucracies, can be quite burdensome. But it is the price that must be paid if detailed checking on eligibility is considered necessary.

If, on the other hand, the Congress determined that the costs of eligibility checks of this kind were likely to be greater than any losses from payments to ineligible recipients, the tax system could have significant advantages as a subsidy distribution mechanism. Advance application is not necessary, and there are no time-consuming reviews before the subsidy is granted. The subsidy can simply be claimed on the tax return, and received either immediately in the form of a reduced tax bill, or shortly thereafter as a refund. If an audit subsequently determined that the subsidy was improperly claimed, it would have to be repaid with interest and perhaps a fine or penalty. Subsidy programs could be operated in this way outside of the tax system, of course, but the Congress has been reluctant to permit this degree of flexibility for programs other than tax subsidies.

Tax Complexity. While it may sometimes appear simpler to have the IRS administer a subsidy program--especially when there is so little checking on eligibility that the program is not really administered--there are costs in terms of increased complexity on tax instructions and tax forms. Even though only a very small percentage of taxpayers may take advantage of a particular subsidy, the instructions and forms used by all taxpayers must contain information on how to obtain the subsidy. Extra lines must be included on all returns and supplementary forms may be necessary. Table 5 lists some of the major tax expenditure subsidies and the percentage of taxpayers using each of them in calendar year 1978, the most recent year for which complete information is available. While each subsidy may look simple for the IRS to administer when considered alone, the multiplication of them can greatly complicate the task of the IRS and add to the compliance burdens of all taxpayers.

A further problem is that the 40 percent of taxpayers who use the short Form 1040A cannot take advantage of most tax expenditures, and the 70 percent who use the standard deduction cannot use tax expenditures that take the form of itemized deductions. Those who want to use tax expenditures must, therefore, use the long Form 1040 and its associated schedules and supplementary forms, thereby making the task of filing their tax returns much more complicated. As more taxpayers shift to these longer and more complex forms, the task of the IRS is also made much more difficult and time-consuming.

The extra burden imposed on the IRS by the expansion of tax subsidies puts more strains on already limited IRS resources. The percentage of returns that is audited has declined substantially in recent years, from 2.6 percent in 1976 to less than 2 percent in 1981. Audits themselves become more difficult and time-consuming as the complexity of returns increases. The slight likelihood that returns will be audited, combined with the possibility that IRS

TABLE 5. TAX RETURNS WITH SELECTED TAX EXPENDITURES, AS A PERCENTAGE OF TOTAL RETURNS FILED, CALENDAR YEAR 1978

Tax Expenditure	Percent of Total Returns With Expenditure
Charitable Contributions Deduction	26.67
State and Local Taxes Paid Deduction	28.54
Home Mortgage Interest Deduction	22.09
Medical and Dental Expense Deduction	19.91
Residential Energy Credit	6.51
Child Care Credit	3.82
Earned Income Credit[a]	4.40
Credit for the Elderly	0.77
Political Contributions Credit	3.97
Work Incentive (WIN) Credit	0.006
New Jobs Credit	0.84
Individual Retirement Account (IRA) Payment	2.65
Self-Employed Retirement (Keogh) Payment	0.70

SOURCE: Statistics of Income, 1978, Individual Income Tax Returns, Department of the Treasury, Internal Revenue Service (March 1981).

a. Includes refundable portion.

auditors may miss questionable items on complex returns, encourages many taxpayers to view the audit system as a lottery in which they can take chances with little risk. As this perception grows, the essentially voluntary income tax compliance system may start to break down. Signs of this can already be seen in reports of growing tax avoidance in the so-called "underground economy."

Not all of this increased complexity and extra IRS burden is caused by tax expenditures, of course. Furthermore, there are administrative costs associated with subsidy programs no matter which agency administers them. While the burden on the IRS is a substantial one, the costs of having a particular program administered by some other agency might be even greater.

Divergent Agency Goals. Another consideration in having the IRS administer a subsidy program is that the IRS is not likely to be as sympathetic to the goals of the program as an agency with jurisdiction over analagous direct spending programs might be. Those who work at the IRS consider their main job to be collecting taxes, as fairly and efficiently as they can. They do not view it as their responsibility to solve the nation's housing problems, provide jobs for the hard-core unemployed, preserve historic buildings, encourage the insulation of homes, or stimulate local economic development. Yet tax subsidies have these goals, and many more.

When the IRS is assigned the task of administering subsidy programs of this kind, its response usually is to treat the subsidy as if it were a normal tax provision rather than a subsidy program. The regulations governing eligibility tend to use rules and concepts familiar to tax administrators, whether or not they are appropriate for a subsidy program. Eligibility is restricted as narrowly as possible, consistent with the provisions of the statute, in order to limit opportunities for tax avoidance and to minimize the loss of revenue. Little attempt is made to publicize the availability of the subsidy or to promote its use.

The Congress sometimes seeks to circumvent these difficulties by requiring that administrative responsibility be shared with the agency that administers comparable spending programs. The Labor Department, for example, shares responsibility for administering the targeted jobs tax credit, while the Interior Department shares responsibility for the tax incentives for historic preservation. This may relieve the IRS of making determinations of eligibility in areas where it has little experience or expertise, but the IRS' limited sympathy with subsidy program goals is likely to remain, leading to interagency conflicts over eligibility rules and administrative procedures.

Beneficiary Perceptions and Preferences

The beneficiaries of a tax subsidy frequently prefer not to think of the tax savings they receive as a subsidy, or as something that is analogous to a federal grant or loan. They choose to view these tax benefits as normal features of the tax code, or as incentives for doing things society considers valuable.

The more tax subsidies are treated like spending programs for budgetary and administrative purposes, the harder it becomes to preserve the perception of tax subsidies that beneficiaries tend to prefer--that is, that they are not really receiving a subsidy. In most cases, the Congress may decide that it is not necessary to defer to this kind of fastidiousness--especially when it stands in the way of goals of budgetary visibility and control --but there may be occasions in which some acknowledgement of this concern is appropriate.

If there is likely to be substantial reluctance to use the subsidy, for example, there may be some justification for making it as easy and comfortable to use as possible. The targeted jobs tax credit is an illustration. It provides employers with a tax credit equal to a portion of the wages they pay to workers who fall into various categories of the hard-core unemployed. Many employers are very reluctant to hire such workers, even with the tax credit. Administrative difficulties and negative perceptions of the subsidy mechanism on the part of employers could increase this reluctance. Providing the subsidy through the tax code might lessen this possibility.

It is not always necessary, of course, to reconcile and standardize everyone's perception of what is going on. It may be possible to provide tax subsidies in ways that permit the beneficiaries to perceive them in the way they find congenial, while still providing the Congress with the information and incentives needed for budgetary review and control. Targeted jobs tax credits, for example, could continue to be provided through the tax code, but the budgetary cost could be charged to the Department of Labor and to the Congressional committees with jurisdiction over analogous spending programs. The Rashomon effect--differing perceptions of the same phenomenon by different people--has its uses in government as well as in literature and drama.

Predictability and Stability. Beneficiaries may also prefer receiving subsidies through the tax code because they may believe the amount of the subsidy and the manner in which it is provided will be less subject to change than would be the case with a spending program that is subject to annual appropriations and periodic reauthorizations. In general, it is true that tax subsidies are less subject to changes, cutbacks, and delays in funding than federal spending programs, although, as discussed earlier, this treatment of tax subsidies may be changing. Certainly those benefiting in recent years from various tax shelter and tax-exempt bond subsidies have not been immune from unpredictability, since both the Congress and the IRS have continually changed and tightened the rules that apply to these subsidies. Furthermore, the desire of beneficiaries for predictability and stability must always be traded off against the Congress' need to maintain control over the federal budget. Both are important goals, and they must be carefully balanced in evaluating any subsidy program.

CHAPTER IV. TAX EXPENDITURE CHANGES ENACTED IN CALENDAR YEARS 1980 AND 1981

Significant tax expenditure changes were enacted in both calendar years 1980 and 1981. The changes legislated in 1980 are reflected in the five-year projections of tax expenditures for fiscal years 1981-1986 in Appendix Table A-1, but those enacted in 1981 are not.

CALENDAR YEAR 1980 CHANGES

As shown in Table 6, the major 1980 changes were in the Crude Oil Windfall Profit Tax Act and the Omnibus Reconciliation Act. The Windfall Profit Tax Act included business energy investment tax credits, alternative fuel production credits, special provisions for alcohol fuels, tax-exempt industrial development bond financing for energy projects, and residential energy tax credits for homeowners and landlords. It also expanded the existing dividend exclusion to include certain kinds of interest, and doubled the limit on the amount that could be excluded to $200 ($400 for joint returns). Finally, the act repealed the "carryover basis" rule that would have required the heirs of inherited property to pay a capital gains tax on otherwise untaxed gains occurring before the inheritance.

The Omnibus Reconciliation Act substantially cut back the use of tax-exempt bonds to finance housing. The act bans further issues of mortgage subsidy bonds after 1983, resulting in a reduction in tax expenditures estimated at more than $10 billion in fiscal year 1985.

CALENDAR YEAR 1981 CHANGES

The only legislation affecting tax expenditures to date in 1981 is the Economic Recovery Tax Act of 1981. As shown in Table 7, the act makes extensive changes in tax expenditure legislation, including eight new tax expenditures, 21 provisions expanding existing tax expenditures, and two provisions reducing tax expenditures. In addition, since the revenue loss from tax expenditures

TABLE 6. REVENUE EFFECTS OF CHANGES IN TAX EXPENDITURES IN CALENDAR YEAR 1980 FOR FISCAL YEARS 1981-1985 (In millions of dollars)

Change	1981	1982	1983	1984	1985
The Crude Oil Windfall Profit Tax Act of 1980 (P.L. 96-223)					
Business energy investment credits					
Solar and wind property, including solar process heat equipment, 15% energy credit	-15	-26	-67	-185	-377
Geothermal equipment, 15% energy credit	-2	-2	-3	-7	-9
Ocean thermal energy conversion equipment, 15% energy credit	a	a	a	-1	-2
Small-scale hydroelectric facilities, 11% energy credit	-11	-15	-19	-48	-109
Cogeneration equipment, 10% energy credit	-46	-64	-80	-74	-52
Petroleum coke and pitch, regular investment credit and accelerated depreciation	-31	-32	-36	-40	-44
Certain equipment for producing feed stocks	---	b	-7	-28	-29
Alumina electrolytic cells, 10% energy credit	-1	-1	-1	-1	-1
Coke ovens, 10% energy credit	-47	-51	-57	-53	-35
Biomass equipment, 10% energy credit	-2	-4	-10	-82	-246
Intercity buses, 10% energy credit	-5	-6	-6	-6	-7

(Continued)

TABLE 6. (Continued)

Change	1981	1982	1983	1984	1985
The Crude Oil Windfall Profit Tax Act of 1980 (P.L. 96-223) (continued)					
Affirmative commitments, special transition rule	---	b	-202	-407	-288
Total energy investment credits	-160	-201	-488	-932	-1,199
Alternative fuel production credits					
Devonian shale gas, special rule	-18	-34	-25	---	---
Qualifying processed wood, phase-out suspension	-7	-18	-23	-15	-5
Steam from agricultural by-products, phase-out suspension	-1	-2	-2	-3	-3
Total, production credits	-26	-54	-50	-18	-8
Alcohol fuels provisions	-4	-4	-6	-8	-187
Industrial development bonds					
Solid waste disposal facilities	-1	-4	-5	-5	-5
Alchohol from solid waste facilities	---	a	a	a	-1
Small-scale hydro-electric facilities	a	a	-2	-3	-5
Additions to certain existing hydro-electric facilities	---	-1	-5	-7	-8

(Continued)

TABLE 6. (Continued)

Change	1981	1982	1983	1984	1985
Industrial development bonds (continued)					
State renewable resource programs	-1	-1	-3	-5	-7
Total bonds	-2	-6	-15	-20	-26
Residential energy tax credits					
Solar, wind, and geothermal credit, 40%	-42	-52	-67	-88	-128
Business energy tax credit to landlords, 15%	-2	-3	-7	-17	-20
Total residential tax credits	-44	-55	-74	-105	-148
Interest and dividend exclusion	-314	-2,278	-1,713	---	---
Repeal carryover basis	a	-36	-95	-163	-238
Miscellaneous Revenue Act of 1980 (P.L. 96-605)					
Amortization of business start-up costs	-22	-73	-121	-180	-254
Charitable deduction for certain contributions of real property for conservation purposes	-5	-5	-5	-5	-5
Investment tax credit for rehabilitated building leased to tax-exempt organizations or governments	-28	-32	-38	-44	-49

(Continued)

TABLE 6. (Continued)

Change	1981	1982	1983	1984	1985
Miscellaneous Revenue Act of 1980 (P.L. 96-605)(continued)					
Prevention of abuse of certain employee benefit requirements	+50	+75	+100	+100	+100
Retirement savings by tax credit employee stock ownership plan participants	-3	-3	-3	-3	-3
Cafeteria plans permitted to provide deferred compensation under rules applicable to cash or deferred profit-sharing and stock bonus plans	-3	-3	-3	-3	-3
Extension of time to amend government instruments of charitable split-interest trusts	-8	-8	---	---	---
Total miscellaneous	-19	-49	-70	-135	-214
Omnibus Reconciliation Act of 1980 (P.L. 96-449)					
Tax on gain on foreigners' real estate investments	+42	+92	+102	+111	+123
Mortgage Subsidy Bond Tax Act of 1980	+256	+1,305	+3,330	+6,320	+10,242
Total Omnibus Act	+298	+1,397	+3,432	+6,431	+10,365
Disclosure of Mailing Addresses (P.L. 96-603)					
Investment tax credit offset of alternative minimum tax	-99	-72	-57	-39	-22

(Continued)

TABLE 6. (Continued)

Change	1981	1982	1983	1984	1985
Net Operating Loss Deduction (P.L. 96-555)					
Tax treatment of employees of charities working abroad	-40	-18	-19	-21	-22
Miscellaneous Tax Revisions (P.L. 96-608)					
Special rule for certain distributions from money purchase pension plans	-3	-3	-3	-3	-3
Elimination of the Duty On Hardwood Veneers (P.L. 96-541)					
Extension of provisions relating to historic preservation	-2	-21	-66	-111	-131
60-month amortization for expenditures to rehabilitate low-income housing	---	-1	-8	-18	-26
Certain federal scholarship grants and National Research Service Awards	-4	-16	-22	-23	-24
Deductions for contributions for conservation purposes	-5	-5	-5	-5	-5
Total hardwood veneers	-11	-43	-101	-157	-186

(Continued)

TABLE 6. (Continued)

Change	1981	1982	1983	1984	1985
Recreational Boating Safety and Facilities Improvement Act of 1980 (P.L. 96-451)					
Investment credit and 7-year amortization for reforestation expenditures	-6	-5	-7	-8	-10

SOURCES: Committee Reports and Staff of the Joint Committee on Taxation.

NOTE: A plus sign (+) means a revenue gain and a reduction in tax expenditures; a minus (-) sign means a revenue loss and an increase in tax expenditures.

a. Less than $1 million.

b. Less than $5 million.

TABLE 7. REVENUE EFFECTS OF CHANGES IN TAX EXPENDITURES IN THE ECONOMIC RECOVERY TAX ACT OF 1981, FISCAL YEARS 1981-1986 (In millions of dollars)

Change	1981	1982	1983	1984	1985	1986
		New Tax Expenditures				
Deduction for Two-Earner Married Couples	---	-419	-4,418	-9,090	-10,973	-12,624
Credit for Increasing Research Activities	---	-448	-708	-858	-847	-485
Charitable Contributions of Scientific Property Used for Research	a	a	a	a	a	a
Motor Carrier Operating Rights	-21	-121	-71	-71	-54	-18
Exclusion of Interest On Certain Savings Certificates	---	-398	-1,791	-1,142	---	---
15% Net Interest Deduction	---	---	---	---	-1,124	-3,126
Reinvestment of Dividends in Public Utility Stock	---	-130	-365	-416	-449	-278
Deduction for Certain Adoption Expenses	---	-9	-9	-10	-11	-12
		Increases in Tax Expenditures				
Child and Dependent Care Credit	---	-19	-191	-237	-296	-356
Charitable Contributions Deduction for Non-Itemizers	---	-26	-189	-219	-681	-2,696
Rollover Period for Sale of Residence	b	c	c	c	c	c
Increased Exclusion on Sale of Residence	b	-18	-53	-63	-76	-91
Changes in Taxation of Foreign Earned Income	---	-299	-544	-563	-618	-696
Corporate Rate Reductions	---	-116	-365	-521	-565	-610
Credit for Rehabilitation Expenditures	-9	-129	-208	-239	-302	-409
Credit for Used Property	-24	-61	-74	-85	-137	-198
Charitable Contributions of Scientific Property Used for Research	a	a	a	a	a	a

(Continued)

TABLE 7. (Continued)

Change	1981	1982	1983	1984	1985	1986
Increases in Tax Expenditures (continued)						
Commercial Bank Bad Debt Deduction	---	-15	-15	---	---	---
Extension and Modification of Targeted Jobs Tax Credit	---	-63	-13	+57	+117	+161
Incentive Stock Options	a	a	a	a	+11	+21
Individual Retirement Savings	---	-229	-1,339	-1,849	-2,325	-2,582
Self-Employed Plans	---	-56	-157	-173	-183	-201
Employee Stock Ownership Plans	---	a	-61	-628	-1,659	-2,188
Group Legal Service Plans	---	-16	-24	-26	-8	---
Tax-exempt Bonds for Volunteer Fire Departments	---	d	d	d	d	d
Charitable Contributions by Corporations	---	-44	-93	-102	-112	-123
Amortization of Construction Period Interest and Taxes	---	-14	-33	-27	-23	-21
Amortization of Low-Income Housing Rehabilitation Expenditures	-1	-8	-16	-25	-35	-39
Industrial Development Bonds for Mass Transit	---	d	-7	-29	-54	-64
Reductions in Tax Expenditures						
Repeal of $200 Exclusion of Interest and Return to $100 Dividend Exclusion	---	+566	+1,916	---	---	---
Tax Straddles	+37	+623	+327	+273	+249	+229

SOURCE: Summary of H.R. 4242, the Economic Recovery Tax Act of 1981, prepared by the Staff of the Joint Committee on Taxation (August 5, 1981)

a. Less than $5 million.
b. Negligible
c. Less than $10 million.
d. Less than $1 million.

that take the form of exemptions, exclusions, and deductions is measured by multiplying the amount excluded by the appropriate marginal income tax rate, the reduction in individual income tax rates scheduled for 1981 to 1985 will reduce the revenue loss from those forms of tax expenditures. There is an offsetting effect for tax expenditures that take the form of itemized deductions, however. The zero bracket amount or standard deduction, which absorbs some of the revenue loss that would otherwise be assigned to itemized deductions, is not scheduled to be increased until indexing of the individual income tax starts in 1985. The erosion of the real value of the zero bracket amount by inflation between now and 1985 will add to the measured revenue loss from itemized deduction tax expenditures.

APPENDIXES

APPENDIX A

TABLE A-1. TAX EXPENDITURE ESTIMATES BY FUNCTION AND SUBFUNCTION, FISCAL YEARS 1981-1986 (In millions of dollars)[a]

	Corporations						Individuals					
Function and Subfunction	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
050 NATIONAL DEFENSE												
051 Department of Defense - Military												
Exclusion of benefits and allowances to Armed Forces personnel	---	---	---	---	---	---	1,585	1,715	1,850	2,000	2,160	2,335
Exclusion of military disability pensions	---	---	---	---	---	---	170	200	245	285	325	370
150 INTERNATIONAL AFFAIRS												
155 International Finance Programs												
Exclusion of income earned abroad by United States citizens	---	---	---	---	---	---	640	665	720	775	840	905
Deferral of income of domestic international sales corporations (DISC)	1,600	1,630	1,730	1,810	1,870	1,930	---	---	---	---	---	---
Deferral of income of controlled foreign corporations	480	520	560	605	650	705	---	---	---	---	---	---
250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY												
251 General Science and Basic Research												
Expensing of research and development expenditures	1,990	2,235	2,500	2,790	3,110	3,455	40	45	50	55	60	70

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations 1981	1982	1983	1984	1985	1986	Individuals 1981	1982	1983	1984	1985	1986
270 ENERGY												
271 Energy Supply												
Expensing of exploration and development costs												
Oil and gas	1,875	1,915	2,220	2,580	2,870	3,090	860	1,030	1,240	1,495	1,765	2,030
Other fuels	25	25	30	30	35	35	---	---	---	---	---	---
Excess of percentage over cost depletion												
Oil and gas	545	535	525	535	675	725	1,580	1,725	1,745	1,750	2,080	2,535
Other fuels	530	540	605	670	735	810	20	25	25	25	30	30
Capital gains treatment of royalties on coal	10	10	15	15	15	20	80	90	105	120	135	150
Alternative fuel production credit	25	55	50	20	10	---	---	---	---	---	---	---
Alcohol fuel credit	b	5	5	10	15	20	b	10	20	30	50	65
Exclusion of interest on state and local government industrial development bonds for energy production facilities	b	5	10	15	20	20	b	b	5	5	10	10
Residential energy credits												
Supply incentives	---	---	---	---	---	---	115	190	275	360	520	650
Alternative conservation and new technology credits												
Supply incentives	210	295	600	905	955	735	15	20	45	75	100	85
272 Energy Conservation												
Residential energy credits												
Conservation incentives	---	---	---	---	---	---	425	420	420	435	445	385
Alternative conservation and new technology credits												
Conservation incentives	295	375	320	175	80	25	---	---	---	---	---	---

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations 1981	1982	1983	1984	1985	1986	Individuals 1981	1982	1983	1984	1985	1986
272 Energy Conservation (continued)												
Energy credit for intercity buses	5	5	5	5	5	5	---	---	---	---	---	---
300 NATURAL RESOURCES AND ENVIRONMENT												
302 Conservation and Land Management												
Capital gains treatment of certain timber income	470	535	500	675	760	855	135	150	170	190	215	240
Investment credit and seven-year amortization for reforestation expenditures	b	b	b	b	b	b	5	5	5	10	10	10
303 Recreational Resources												
Tax incentives for preservation of historic structures	25	35	50	60	55	45	40	65	90	110	105	80
304 Pollution Control and Abatement												
Exclusion of interest on state and local government pollution control bonds	490	500	545	575	595	610	230	255	270	285	300	305
Five-year amortization on pollution control facilities	35	65	95	110	115	115	---	---	---	---	---	---
Exclusion of payments in aid of construction of water, sewage, gas and electric utilities	110	115	115	120	125	130	---	---	---	---	---	---

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations 1981	1982	1983	1984	1985	1986	Individuals 1981	1982	1983	1984	1985	1986
306 Other Natural Resources												
Expensing of exploration and development costs, nonfuel minerals	25	25	30	30	35	35	b	b	b	b	b	b
Excess of percentage over cost depletion, nonfuel materials	390	380	420	450	480	585	15	15	15	20	20	25
Capital gains treatment of iron ore	10	10	10	10	10	10	10	10	10	10	10	10
350 AGRICULTURE												
351 Farm Income Stabilization												
Expensing of certain capital outlays	75	80	85	90	95	100	455	485	505	520	540	555
Capital gains treatment of certain ordinary income	25	25	25	30	30	35	405	425	445	470	490	515
Deductibility of patronage dividends and certain other items of cooperatives	590	630	670	700	750	810	-190	-200	-210	-220	-230	-245
Exclusion of certain cost-sharing payments	---	---	---	---	---	---	75	80	80	75	80	80
370 COMMERCE AND HOUSING CREDIT												
371 Mortgage Credit and Thrift Insurance												
Excess bad debt reserves of financial institutions	340	470	525	620	750	895	---	---	---	---	---	---
Deductibility of mortgage interest on owner-occupied homes	---	---	---	---	---	---	19,805	25,295	31,115	37,960	46,310	56,500

(Continued)